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July 12, 2007

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 96-45
WC Docket No. 05-337
NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

On July 11, 2007, F.J. Pollak, President and Chief Executive Officer, TracFone Wireless, Inc., and I, met with Commissioner Michael Copps and with Scott Deutchman, Legal Advisor to Commissioner Copps.

During the meeting, we discussed TracFone's concerns about proposed changes to the Universal Service Fund contribution methodology. We presented a plan which would have providers of prepaid wireless service calculations of the USF contributions based on minutes of use rather than working telephone numbers in the event that the Commission elects to implement a working telephone numbers-based contribution methodology. The rationale for the "By the Minute" USF contribution plan as well as a description of the plan are set forth in a paper which was provided to each of the attendees. A copy of that paper captioned "Prepaid Wireless 'By the Minute' USF Contribution Proposal," is being submitted with this letter. In addition, we provided Commissioner Copps and Mr. Deutchman with letters in support of the By the Minute contribution plan which have been filed in this proceeding by Verizon Wireless, the Seniors Coalition, and the Keep USF Fair Coalition. Although each of these documents already is on the record, copies of each are enclosed herewith. We also discussed TracFone's pending petitions for designation as an Eligible Telecommunications Carrier in the states of New York, Florida, Virginia, Connecticut,

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Massachusetts, North Carolina, Alabama and Tennessee, and reiterated TracFone's desire to offer wireless Lifeline service to qualified low income consumers..

Pursuant to Section 1.1206(b) of the Commission's rules, this notice is being filed electronically in the above-captioned dockets. If you have any questions regarding this letter or the attachments submitted herewith, please contact undersigned counsel for TracFone.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mitchell F. Brecher', with a long horizontal line extending to the right.

Mitchell F. Brecher

Attachments

cc: The Honorable Michael Copps
Mr. Scott Deuchman

TracFone Wireless, Inc.

Prepaid Wireless “By the Minute” USF Contribution Proposal

June 13, 2007

- “Pay-as-you-go” prepaid wireless services that do not have a direct monthly billing relationship with end users should not be subject to a flat, monthly USF fee based on working telephone numbers, connections or similar method.
- A monthly per number charge of \$1.00¹ would substantially increase TracFone’s USF contribution requirements. A number fee would disproportionately burden low volume prepaid wireless services and would not be competitively neutral.
- TracFone’s “pay-as-you-go” customers are both lower-volume and lower-income consumers. Approximately 50% of TracFone’s customers report incomes of \$25,000 or less. On average, TracFone customers use less than 80 minutes of service per month. Only about 11 of these minutes are interstate calls (less than 14%).
- Others have recognized that a numbers-based plan would not be appropriate for prepaid wireless service providers and their consumers. On March 3, 2006, Verizon Communications and Verizon Wireless filed the following recommendation with the Commission:

It is more difficult for prepaid wireless providers to pass through a monthly per number assessment because they do not send monthly bills to customers. Since prepaid wireless customers do not buy service by the month but instead buy blocks of minutes, often in low amounts, a per-month assessment is infeasible. The FCC should either preserve the current revenues-based assessment for prepaid wireless, or adopt a per-number assessment that reflects the unique characteristics of this service.

[Letter from Kathleen Grillo, Vice President, Federal Regulatory, Verizon, to Marlene H. Dortch, Secretary, FCC, Docket 96-45, filed March 3, 2006, at 3]

¹ A coalition of major carriers lobbying for the number plan estimates “the per-number fee would likely be no higher than \$1.20 per month.” Unless fund growth is restrained, the actual fee could be higher.

- The Boucher – Terry USF Bill (H.R. 2054) currently contains a Low-Volume Carrier provision that states:

(C) LOW VOLUME EXCEPTION.—The Commission shall not materially increase the contributions of communications service providers whose customers typically make a low volume of calls on a monthly basis.

- Senator Steven’s USF bill (S. 101) contains a similar Low-Volume Carrier provision:

(C) ADJUSTMENTS.—The Commission shall adjust the contribution for communication service providers for their low-call volume, non-business customers.

- If the Commission is going to adopt a numbers-based USF contribution methodology, TracFone urges the Commission to consider the following alternative methodology for “pay-as-you-go” prepaid wireless:

- This alternative USF contribution method would apply only to pay-as-you-go prepaid wireless service for which there is no direct, monthly billing relationship between a carrier and the end user.
- The newly adopted number fee would be converted to a “by the minute fee” for this class of service.
 - Assume the new number fee is \$1.00 per working number each month.
 - Assume that the CTIA reports the average wireless customer usage as 800 minutes per month.
 - The per minute USF fee would be calculated by dividing \$1.00 by 800, which equals \$0.00125 per minute.
 - The prepaid wireless carrier would be assessed USF contributions by taking the total number of prepaid

minutes times the per minute factor (\$0.00125 in this example).

- Under this approach, the USF assessment applicable to a prepaid wireless customer using the same number of minutes per month as the average postpaid wireless customer would be the same, i.e., \$1.00 for 800 minutes of use.
- While the postpaid wireless customer would pay the \$1.00 fee as a surcharge on his or her monthly bill, in the case of prepaid wireless, the fee would be paid by the prepaid service provider, because there is no billing relationship between the prepaid carrier and the customer.

This approach is fair, equitable, non-discriminatory and competitively neutral and would be a good option in the event that the FCC decides to move USF Contributions to a “numbers-based” system.

* * * * *

John T. Scott, III
Vice President &
Deputy General Counsel
Regulatory Law



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June 26, 2007

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 96-45, Written Ex Parte Presentation

Dear Ms. Dortch:

Verizon Wireless has previously endorsed a new contribution system for the federal Universal Service Fund that would principally rely on telephone numbers in use as the basis for assessing carrier USF contributions.¹ Moving to numbers as the basis for assessment would capture all of a carrier's services, and would eliminate the increasingly complex need for carriers to separate interstate from intrastate revenues.

We have also stated that a flat monthly USF per-number fee should be adjusted for two types of customers that purchase mobile wireless services – prepaid customers and those who subscribe to family share plans.² It is impractical for most prepaid wireless providers to pass through a monthly assessment as the Commission's rules permit because they do not send monthly bills to customers. A monthly assessment is also infeasible because prepaid customers do not buy service by the month but instead buy blocks of minutes, often in low amounts. Family share plans have made wireless service more affordable and accessible to families by offering shared lines at low prices. Family share numbers operate as part of a single customer account, sharing a single bucket of minutes. Discounting the assessment on family share numbers would recognize the "extension" nature of these numbers.

TracFone Wireless has submitted a constructive proposal for a number-based approach to wireless prepaid customers.³ TracFone's approach would assess a wireless

¹ See, e.g., Comments of Verizon Wireless in WC Docket No. 06-122, filed September 8, 2006.

² Letter from Kathleen Grillo to Marlene Dortch, filed March 3, 2006, attaching the Proposal of Verizon Communications, Inc. and Verizon Wireless for a new Universal Service Contribution Methodology.

³ Letter from Mitchell Brecher to Marlene Dortch, Notice of Ex Parte Presentation, June 14, 2007, attaching Prepaid Wireless "By the Minute" USF Contribution Proposal.

carrier offering prepaid services that do not have a direct monthly billing relationship with customers a USF fee for each such prepaid number. The assessment would be based on the minutes that prepaid customers used, multiplied by a predetermined per-minute fee based on average customer usage. TracFone's proposal resolves the impracticality of applying a monthly per-number charge to accounts that are not billed monthly, as well as the difficulties of billing prepaid customers a USF assessment. It also appropriately bases the fee on the amount of usage of prepaid numbers, while adhering to the principles that each number must contribute to USF and that providers contribute to the Fund on an equitable basis.

Verizon Wireless thus supports TracFone's "by the minute" proposal for assessing wireless prepaid numbers, and urges the Commission to include it as part of a number-based contribution system.

Pursuant to Section 1.1206 of the Commission's rules, this notice is being filed electronically in the above-referenced dockets. Should you have any questions regarding this letter, please contact the undersigned.

Sincerely,

A handwritten signature in black ink that reads "John T. Scott, III". The signature is written in a cursive, slightly stylized font.

John T. Scott, III



THE SENIORS COALITION

Working for a Responsible America

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 96-45
EX PARTE PRESENTATION

Dear Ms. Dortch:

In previous submissions in this proceeding, the Seniors Coalition has expressed its opposition to a proposal to base contributions to the Universal Service Fund (USF) on working telephone numbers, rather than on interstate revenues. Representing more than 4 million senior citizens, the Seniors Coalition has noted many of its members rely on prepaid wireless service to stay connected with family, friends, and healthcare providers. Many seniors are living on limited fixed incomes, and could not afford the security and convenience of wireless telephone service without affordable prepaid options.

Recently, TracFone Wireless has submitted a proposal to the Commission which would base prepaid wireless provider contributions to the USF on their minutes of use rather than on working telephone numbers in the event that the Commission proceeds with its proposal to adopt a working telephone numbers-based contribution methodology. Under that proposal, the average usage of all wireless customers would be divided by the monthly per number USF contribution charge. That number would then be multiplied by each prepaid provider's minutes of use to calculate the provider's monthly USF contribution.

The Seniors Coalition believes that TracFone's By the Minute proposal would be an appropriate mechanism for avoiding undue and burdensome cost increases for those millions of seniors and others who rely on prepaid wireless service for affordable telecommunications. The By the Minutes plan would ensure that Universal Service Fund contributions by prepaid wireless providers (ultimately borne by their customers) are equitable, nondiscriminatory and competitively neutral.

Our studies indicate that seniors find prepaid wireless services desirable and preferable because such services provide more affordable access to wireless service than do traditional post-paid services which require long-term financial commitments and minimum monthly usage requirements. Our studies also have shown that affordable wireless service is very important to seniors for safety and security reasons. It is not unusual for senior citizens to encounter emergencies or other unexpected needs when they leave their homes for any reason, including, for example, for medical appointments or to conduct daily errands. In such circumstances, an unanticipated transportation problem (e.g., a missed ride, a late bus) -- or an unanticipated health problem-- require access to reliable telecommunications so that assistance can be called. Many seniors living on fixed incomes simply can not afford traditional wireless calling plans. Our

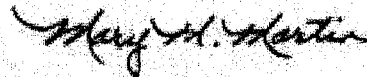
studies have shown that many such seniors rely on prepaid wireless services in the event of such emergencies. Our research further has shown that increases in the cost of their prepaid services, even such small increases as \$1.00 per month would force many seniors to abandon those services, notwithstanding their importance as a valuable safety net.

In addition, the Seniors Coalition believes that a By the Minutes plan also would be an appropriate contribution methodology for providers of prepaid wireline calling services. As you are aware, Section 254(d) of the Communications Act requires that "Every" provider of interstate telecommunications service contribute to support of the Universal Service Fund. Since prepaid wireline providers do not assign working telephone numbers as part of their service offerings, there would be no mechanism for subjecting such providers to USF contributions under a working telephone numbers-based plan. For that reason, the Seniors Coalition recommends that those providers, in addition to prepaid wireless providers, have their contributions based upon their minutes of use.

In closing, the Seniors Coalition is supportive of Universal Service and encourages the Commission to make such adjustments as necessary both regarding distribution of resources and contributions so as to achieve the goals of the Universal Service Fund. However, it is critically important that the Commission not utilize contribution methodologies which would place of disproportionate amount of the funding burden on the backs of seniors and other low income persons. If the Commission takes measures to prevent that from occurring, such as a By the Minute contribution plan for prepaid wireless services, than the Seniors Coalition could support a contribution methodology based on working telephone numbers.

Thank you for affording us the opportunity to communicate our views on these important telecommunications policy matters.

Sincerely,



Mary Martin, Chairman
The Seniors Coalition

Cc: Hon. Kevin J. Martin
Hon. Michael J. Copps
Hon. Jonathan S. Adelstein
Hon. Deborah Taylor Tate
Hon. Robert M. McDowell

July X, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 – 12th Street SW
Washington, DC 20544

*RE: CC Docket No. 96-45
Ex Parte Presentation*

Ms. Dortch:

The Keep USF Fair Coalition (Coalition) is committed to keeping the Universal Service Fund (USF) collection method fair. As such, and as expressed in previous submissions to the Commission and elsewhere, the Coalition and its members have opposed a proposal to shift from the current collection methodology, which is based on a percentage of revenues derived from interstate long-distance phone calls, to a flat monthly fee for every working phone number (the so-called "numbers" plan). The concern of Keep USF Fair Coalition members is that a numbers-based methodology would cause significant increases in the telephone tax paid by its constituent members, many of whom are low-volume, and often-low income consumers, including seniors, minorities, rural Americans, recent immigrants and the disabled. The Coalition consistently has maintained that if the Commission proceeds with a numbers-based plan, it must take steps to mitigate the harm to the most vulnerable consumers.

We understand that the Commission now has before it a proposal that would base the contributions of prepaid wireless providers to the USF on their minutes of use rather than on working telephone numbers in the event the Commission proceeds with a shift to a numbers-based contribution methodology. Under the proposal, the monthly per number USF contribution charge (e.g., \$1.00) would be divided by the average monthly usage of all wireless customers. That number would then be multiplied by each prepaid wireless provider's minutes of use to calculate the provider's monthly USF contribution.

The Keep USF Fair Coalition believes this "by the minute" proposal would be an appropriate mechanism for alleviating an undue and burdensome cost increase for the millions of consumers who rely on prepaid wireless for affordable phone service should the Commission proceed with its "numbers" proposal. For many of our constituent members, a prepaid cell phone is not just a preferred option, it is their *only* option for wireless service because they either cannot meet credit or security deposit requirements or the minimum monthly usage requirements of contractual plans. One prepaid wireless provider, TracFone, for example, has estimated that a full 15 percent of

its customers have annual household incomes under \$10,000 and that 49 percent of its customers have annual household incomes under \$25,000. As such the "minutes"-based plan now under consideration is consistent with the Commission's long-standing policy of keeping low-income consumers connected by reducing their costs.

Further support for the appropriateness of a minutes-based proposal for prepaid wireless is found in the research demonstrating that consumers of prepaid wireless service typically use lower volumes of service than do consumers of post-paid services. Therefore, a minutes-based contribution methodology, as has been proposed, will help ensure that consumers who rely on prepaid wireless services are not forced to shoulder the undue burden of dramatically higher USF phone taxes.

The Keep USF Fair Coalition supports a sustainable, effective and fair Universal Service Fund that meets the goals of assuring affordable telephone service for all Americans. As such, we encourage the Commission to look not only at the contributions into the Fund but also to make the necessary adjustments to the distributions of the Fund to ensure its long-term viability. Beyond that, it is critically important that any changes to the USF contribution methodology not disproportionately impact the most vulnerable and price-sensitive low-income consumers, including seniors, rural Americans, the disabled, minorities, and recent immigrants. Inclusion of a "by the minute" plan for prepaid wireless services would go a long way in alleviating the Coalition's objections to a numbers-based contribution methodology. The KUSFF Coalition reserves the right to propose other targeted recommendations that would further minimize the unfair and harmful impact of shifting to a numbers-based collection methodology for USF.